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Keynote Speech Before the John Randolph Club, October 21, 1994

Big-Government Libertarians

by Murray N. Rothbard

We have been all too familiar in recent years with the phenomenon of Big Government Conservatives, of people who have betrayed and seemingly forgotten their principles and their heritage in a quest for power and pelf, for respectability and for access to the corridors of power, people who have moved inside the Beltway both in body and in spirit. Indeed, one of the main reasons the John Randolph Club was founded four years ago was to stand athwart this seeming juggernaut of conservative history, shouting "Stop!"

Not all of us however are familiar with an allied and far more oxymoronic development: the acceleration and takeover in the last few years by Big Government Libertarians, who now almost exclusively dominate the libertarian movement. The weird thing about Big Government Libertarianism, of course, is that it clearly violates the very nature and point of libertarianism: devotion to the ideal of either no government at all or government that is minuscule and strictly confined to defense of person and property: to what the ex-libertarian philosopher Robert Nozick called "ultra-minimal" government, or what the great paleolibertarian writer H.L. Mencken called "government that barely escapes being no government at all." How extensive has been this development, and how in the world could such a thing happen?

Big Government Libertarianism now permeates and dominates what, in analogy with conservatives, may be called the Official Libertarian movement. From a tendency or what the Marxists called a "groupuscule" two decades ago, libertarianism has developed an Official Movement, even though it has never, thank the Lord, achieved anything like political power. While there is fortunately no libertarian counterpart to *National Review* to rule over the movement and purge it of heretics, there is a network of institutions and periodicals that constitute an Official movement.

A central institution for more than 20 years has been

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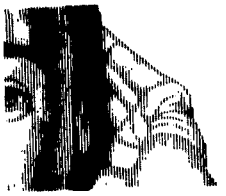

THE EAR

by Sarah Barton

In mid-October, at the strategic moment before the election, the entire "objective" media, including all the national outlets and of course the *L.A. Times,* launched an unprecedented smear campaign against California Republican senatorial candidate Michael Huffington, and particularly against his wife, the glamorous socialite Arianna. There is a constant screeching that Huffington is dominated by his evil wife, and that said wife is a New Age flake who has a guru named John-Roger.

This from "feminists!" A smearing of women, and a woman not running for office at that? The idea, of course, is to save Senator Dianne

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(THE EAR...cont. from pg. 1) Feinstein, a left-liberal WOMAN and a darling of the media establishment, who is in big trouble.

So what if Arianna is flaky? Who cares about a Senator's wife? Are you telling me that every one of the 96 Senatorial spouses are paragons of sobriety, soundness, etc.? Don't make me laugh! And so what if Huffington doesn't have much of a record, or if he is buying his way into the office? Herb Kohl and Jay Rockefeller did the same thing, but *they* are liberal Democrats, so that's OK.

And as for flaky and New Agy, who *better* to represent California?

The final trump card is that if Huffington runs, he'll run for President, and then we'll have to face the spectre of Arianna in the Oval Office, and John-Roger holding Black Masses inside the White House.

Two comments: Listen, if the nation could survive the witch Hillary, we can survive Arianna. But also: after this smear campaign, we won't have to worry about Mike and Arianna making it to the White House. If they are only a flaky Senatorial couple, they're *our* flakes.

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When Malcolm "Steve" Forbes took over as chairman of Empower America—after Wall Street's Ted Forstmann resigned—he cut the salaries of Vin Weber and Bill Bennett from $150,000 to $75,000. Vin resigned in protest. Go Steve!

*****

Boaz 'n the Hood: D.C.'s left-libertarian thinktank endorsed "gay rights" in a *New York Times* op-ed (9/10/94).

(BIG-GOV'T...cont. from pg. 1) the Libertarian Party, which beginning early, oddly and in many ways created rather than reflected the movement as a whole. Until recent years, the Party militants prided themselves on the purity and consistency of their devotion to libertarian principle. The libertarian movement, however, has always been far wider than the Party itself. It consists of a loose network of libertarian and free-market thinktanks, national ones that include lobbying groups, who gravitate inside the Beltway, and state or regional thinktanks, who necessarily remain in the heartland in body if not alas in spirit. There are now legal organizations that allegedly pursue cases in behalf of liberty and against government tyranny. The movement also includes two monthly magazines, as well as others that have fallen by the wayside: a relatively affluent but excruciatingly boring magazine based in Santa Monica, California, and an amateurish "fanzine" in Washington State.

There are also allied networks of institutions which, like an extensive number of "hard money" and investment newsletters, cannot be considered strictly movement outfits but are sympathetic to the cause. The libertarian movement is even large enough to include an incomprehensible "post-libertarian" academic journal, which tries to integrate libertarianism, Marxism, and deconstruction, a periodical doggedly edited by a Chekhovian type of Permanent Graduate Student, except that he is considerably less harmless and better funded than Chekhov's rather lovable character.

The fascinating point is that virtually all of these movement institutions, from the thinktanks to the magazines to the once purist Libertarian Party have, in the last few years, moved at remarkable speed to abandon any shred of their original principles, devotion to minimizing government or defending the rights of private property.

Part of the reason, of course, needs no explanation to Randolph Club members: a pale shadow of Big Government conservatives who crave respectability, social acceptance at Washington cocktail parties, and, not coincidentally, power, cushy jobs, and financial support. But there is a lot more at work here. At bottom is the point which many of us had to learn painfully over the years: that there can be no genuine separation between formal political ideology and cultural views and attitudes.

Libertarianism is logically

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consistent with almost any attitude toward culture, society, religion, or moral principle. In strict logic, libertarian political doctrine can be severed from all other considerations; logically one can be—and indeed most libertarians in fact are: hedonists, libertines, immoralists, militant enemies of religion in general and Christianity in particular—and still be consistent adherents of libertarian politics. In fact, in strict logic, one can be a consistent devotee of property rights politically and be a moocher, a scamster, and a petty crook and racketeer in practice, as all too many libertarians turn out to be. Strictly logically, one can do these things, but psychologically, sociologically, and in practice, it simply doesn't work that way.

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Thus, Justin Raimondo, at last December's Randolph Club meeting at San Mateo, pointed out, in pondering what went wrong with the libertarian movement, that the early movement of the 1970s grievously erred by deliberately cutting itself off from any sort of Right Wing or any other culture or tradition in the United States. Following the spirit of Ayn Rand, of whom most libertarians had been ardent followers, libertarians claimed to be genuine individualists and revolutionaries, totally separate from the Right Wing, and bringing to the world their own brand new political revelation. And indeed, the libertarian movement has always been almost willfully ignorant of any history or any aspect of foreign affairs. Arcane syllogisms of libertarian theory, science fiction, rock music, and the intricacies of computers, have been the sum and substance of their knowledge and their interest.

Part of this grandiose separatism, which I did not fully realize at the time, stemmed from an intense hatred of the Right Wing, from libertarian anxiety never to be connected with or labeled as a conservative or a right-wing movement. And part of that hatred has come from a broader and even more intense hatred of Christianity, some of which was taken over from Ayn Rand.

To be specific, one important aspect of the recent shift toward statism and Big Government consists of a spillover, of an infection, of libertarians' political views by their deep-seated egalitarianism. Scratch an egalitarian, and you will inevitably find a statist. How does the libertarians' burgeoning and pervasive egalitarianism square with their supposed belief in individualism, and for allowing every person to rise by his own merit unhobbled by government? The resolution of this problem is much the same as other, more common versions of Political Correctness.

Libertarians are fervently committed to the notion that, while each individual might not be "equal" to every other, that every conceivable group, ethnic contingent, race, gender, or, in some cases, species, are in fact and must be made "equal," that each one has "rights" that must not be subject to curtailment by any form of "discrimination."

And so, flying in the face of their former supposed devotion to the absolute rights of private property, the libertarian movement has embraced almost every phony and left-wing "right" that has been manufactured in recent decades.

Shortly before I left the libertarian movement and Party five years ago, a decision which I not only have never regretted but am almost continually joyous about, I told two well-known leaders of the movement that I thought it had become infected with and permeated by egalitarianism. What? they said. Impossible. There are no egal-

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itarians in the movement. Further, I said that a good indication of this infection was a new-found admiration for the Reverend "Doctor" Martin Luther King. Absurd, they said. Well, interestingly enough, six months later, both of these gentlemen published articles hailing "Dr." King as a "great libertarian." To call this socialist, egalitarian, coercive integrationist, and vicious opponent of private property rights, a someone who, to boot, was long under close Communist Party control, to call that person a "great libertarian," is only one clear signal of how far the movement has decayed.

Indeed, amidst all the talk in recent years about "litmus tests," it seems to me that there is one excellent litmus test which can set up a clear dividing line between genuine conservatives and neoconservatives, and between paleolibertarians and what we can now call "Left-libertarians." And that test is where one stands on "Doctor" King. And indeed, it should come as no surprise that, as we shall see, there has been an increasing coming together, almost a fusion, of neocons and Left-libertarians. In fact, there is now little to distinguish them.

Throughout the Official Libertarian Movement, "civil rights" has been embraced without question, completely overriding the genuine rights of private property. In some cases, the embrace of a "right not to be discriminated against" has been explicit. In others, when libertarians want to square their new-found views, with their older principles and have no aversion to sophistry and even absurdity, they take the sneakier path blazed by the American Civil Liberties Union: that if there should be so much as a smidgen of government involved, whether it be use of the public streets or a bit of taxpayer funding, then the so-called "right" of "equal access" must override either private property or indeed any sort of good sense.

Thus: when Judge Sarokin, soon to be elevated, by bipartisan consensus in the U.S. Senate, to the august federal court of appeals, ruled that a smelly bum must be allowed to stink up a New Jersey public library, and fol low children to the bathroom, because it is public and therefore he cannot be denied access, the national chair- woman of the Libertarian Party issued an official statement praising the decision. In the same way, Libertarians join the ACLU in protecting the alleged "right of free expression" of bums and beggars on the streets of our big cities, no matter how annoying or intimidating, because these streets are, after all, public, and therefore, so long as they remain public, they must continue to be cesspools, although precisely how this is implied by high libertarian theory is a bit difficult to grasp.

In the same way, the leading Left-libertarian Beltway legal activist maintains proudly to this day that he was only following libertarian principle when, as an official of the federal Department of Justice—which in itself is not too easy to square with such principles—he aided the federal judiciary in its truly monstrous decision to threaten to jail the City Council of Yonkers, New York, because this council had refused to approve a low-income public housing project on the grounds that it would soon become an inner-city sewer of drugs and crime. His reasoning: that this resistance was a violation of egalitarian nondiscrimination doctrine, since Yonkers already had other public housing projects existing within its borders!

But not only literal government operations are subject to

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this egalitarian doctrine. It also applies to any activities which are tarred with the public brush, with the use, for example, of government streets, or any acceptance of taxpayer funds. Indeed, actual government actions need not be involved at all. Sometimes, libertarians fall back on the angry argument that, nowadays, you can't really distinguish between "public" and "private" anyway, that everything is semi-public, and that trying to maintain property rights in such a climate is unrealistic, naive, blind to reality, and generally a "purist" throwing of sand into the machinery of neoconservative or Left-libertarian "progress."

Recently, there was a fascinating interchange between a paleolibertarian attorney in California and an official of a new California-based allegedly "libertarian" legal outfit, the Center for Individual Rights, run by the prominent neocon David Horowitz, who likes to call himself a "libertarian." This Center, by the way, is a leading example of explicit neocon and left-libertarian fusion, since its masthead features several prominent members of the libertarian movement.

The paleo lawyer was protesting that the Center is backing the idea of legally prohibiting colleges from setting down rules infringing on what the Center people claim are "the constitutional rights of freedom of speech" of students and faculty. Our paleo critic agreed with the idea of combating political correctness and codes restricting alleged "hate speech," but he pointed out what not long ago was considered self-evident and unexceptionable, not only by conservatives and libertarians, and by all judges, but by all Americans: that First Amendment, or free speech, rights, can only apply to government, and that only government can infringe upon such rights. Private individuals or organizations can require anyone using their private property to follow rules of conduct or speech, and anyone using such property agrees contractually to abide by these rules. Any laws restricting such rules, therefore, infringe upon the rights of private property as well as the right to make free and unhampered contracts concerning its use.

The Center official, in reply, heaped scorn on such allegedly unrealistic and purist arguments: these days, to official libertarians, almost everything is in some way public, so that, in contrast to every fiber of libertarian doctrine, "private" and "public" are simply commingled. The Center official did not even balk when the paleo attorney used what any sensible person would consider a *reductio ad absurdum*: that, logically, this approach would imply that government should prevent any private employer from firing an employee who exercises his alleged "free speech rights" by denouncing or cursing at his boss, even on company property.

One problem with using *reductio ad absurdum* arguments among libertarians has always been that they are all too happy to embrace the *absurdum*. And thus our so-called "libertarians" are in the process of going further than even Justice Hugo Black in severing free speech from private property rights, and from exalting the former at the expense of the latter. Even a "First Amendment absolutist" such as Justice Black proclaimed that "freedom of speech" gives no one the right to break into your home and harangue you at length.

"Civil rights" and "free speech rights," and the commingling of "private" and "public," are only the beginning of the libertarian movement's Great Leap Stateward. One of the cultural features of most movement members has always been a passionate adherence to the morality and to the practice of so-called "alternative lifestyles" and "sexual orientations" out of favor with traditional or bourgeois customs or moral principles. The high correlation of this "libertinism" with their endemic hatred of Christianity should be obvious.

While this cultural attitude has always been pervasive among libertarians, the new feature is their embracing of so-called "gay rights" as one of the "civil rights" of nondiscrimination. Things have

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gotten to the point where one of the most prominent of the libertarian thinktanks practices its own form of gay affirmative action, hiring or promoting only openly-proclaimed gays, and, at the very least, firing any staff member who is less than enthusiastic about this procedure or about gay rights in general.

At another libertarian thinktank, which deals only with strictly economic matters in its actual work, the No. 2 staff member recently took advantage of the No. 1's vacation to call a staff meeting and to proclaim his gaydom openly to one and all. He then asked the staff's reactions to his fervent announcement, and later urged No. 1 to fire any staffers who had expressed a lack of sufficient enthusiasm for this development.

The Libertarian Party has for many years had within it a Gay and Lesbian Caucus. In the old days, the program of the caucus was confined to urging the repeal of anti-sodomy laws, an unexceptionable libertarian position. Now, however, in our brave new era, the theoreticians of this Caucus are calling for public nudity and public sex acts, something which their colleagues in ACT-UP achieved this summer in a Gay Pride parade in New York City which was technically illegal, but the illegality of which was conspicuously not enforced by the new Republican mayor. One rationale, of course, is that the streets are public, aren't they? and therefore all things must be permitted.

Until very recently, the devotion to gay rights by Left-libertarian institutions has been more implicit than explicit, either under cover of some sort of public action or resource, or as their own form of affirmative action. But only last month, a new escalation embraced gay rights openly and officially. A leader in the most prominent Left-libertarian thinktank wrote an astonishing op-ed piece in the *New York Times*, astonishing not for the venue, of course, but for the content.

The content of the thinktanker's article was unusual on two counts: One, in perhaps a first for a proclaimed libertarian institution, he treats the various anti-gay initiatives across the country as an "assault" on gay "rights," without discussing the actual proposals, which in fact were attempts to prohibit anti-gay discrimination laws. In short, these initiatives denounced by the libertarian thinktanker were actually measures to protect the rights of private property against assault by laws conferring special privileges upon gays. The odd feature of this error is that, if libertarians are competent to distinguish anything, it is the difference between protecting property rights and aggressing against them.

The second bizarre feature of this *Times* op-ed piece is that this prominent thinktanker is chiding conservatives for what he says is "scapegoating" of gays, while at the same time allegedly ignoring what he considers the real moral and social problems of our time: unwed motherhood and, with a blare of trumpets, divorce!

Why do the conservatives write far more about gays? In the first place, it seems clear to me that unwed motherhood has actually loomed large among conservatives. As for divorce, it seems odd that Left-libertarians dedicated to modernism and change should wax nostalgic over the Good Old Days when any divorced woman was shamed out of town. But the real point here is the stupefying and willful failure to connect with the real world in this argument.

Why do pro-family conservatives spend more print worrying about gays than about divorce? Well, for one thing, there are no strident parades of militants of the "divorced movement" marching up Fifth Avenue in New York on "Divorce Pride" day, marching naked and committing sex acts between the varied "divorced" in public, demanding anti-"divorced" discrimination laws, affirmative action for the divorced, "divorced" districts in the legislature, and continuous public affirmation by the non-divorced of the equal or even superior morality of divorce over staying married.

The change has developed to the point where the word "libertarian" has a new connotation when used in the media. The word used to mean opposition to all forms of government intervention.

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Now, however, "libertarian" in the public mind has virtually come to mean adherent of "gay rights." Thus, the favorite presidential candidate for 1996 of all libertarians who will not rigidly confine themselves, in thought and in deed, to the Libertarian Party, is unquestionably Massachusetts Republican Governor William Weld, who even refers to himself as a "libertarian."

The reason for Weld's embrace of this term is not his alleged "fiscal conservatism." Weld and his acolytes have depicted him as a heroic slasher of the state's taxes and budgets. Weld's so-called "budget-cutting" amounts to taking Michael Dukakis's grotesquely swollen last budget and cutting it by a very modest 1.8%; but even this toe-in-water cut has been more than offset by big budget increases every year since. Thus, the next year Weld made up for his fiscal conservatism by increasing Massachusetts expenditures by 11.4%; and this year he is raising it again by an estimated 5.1%. In other words, William Weld's gesture in cutting his first year's budget by less than 2% has been more than made up by his raising the budget in the last two years by 17%. That's "fiscal conservatism"? The story is the same on the tax front; Weld's loudly trumpeted piddling tax cuts were more than offset by large tax increases.

But this is all window-dressing to sucker the conservatives. Weld's "libertarianism," in the minds of himself and his Left-libertarian admirers, consists almost completely of his passionate devotion to "gay rights," as well as his practicing gay affirmative action by appointing to high state positions a large number of open gays. To round out the picture, I should also mention that Weld is a fanatical adherent of environmentalism, and its despotic crippling of the living standards of the human race.

But recently, Left-libertarians have not confined themselves to backing liberal Republicans; they have also made a foray into the Democratic Party. Several leading Beltway libertarians leaped into the Doug Wilder campaign in Virginia, one of them actually becoming a member of Wilder's finance committee. Presumably the attraction of Wilder over liberal Republican Coleman is that Wilder, in his person and in his life, embodies both the racial and sexual "diversity" so beloved by Left-libertarians. It is typical of their political acumen, however, that they jumped enthusiastically onto the Wilder ship just before it sank without a trace.

The attraction of Wilder, in his person and in his life, is the racial and sexual "diversity" so beloved by Left-libertarians.

The virtual mantra for all Left-libertarians in weighing candidates to the Libertarian Party has become: "fiscally conservative, but socially tolerant." "Fiscally conservative" can and does mean very little, usually spending, or proposing to spend, a bit less money than their political rivals, or not raising taxes by a great deal.

"Socially tolerant," a murky phrase at best, seems to be a code term for a package of several policies and attributes: devotion to gay rights, to civil rights, and generally and above all, to not being "hate-filled," like the Christian Right, Pat Buchanan, and the John Randolph Club. While all of us are by definition scowling brutes who emanate "hate" from every pore, the Left-Libertarians, as many of us know all too well, are just helluva nice guys, their entire beings emitting vibrations of love, benevolence, and warmth of spirit. And, as we say in New York, they should live so long! In fact, I haven't had the personal experience of neocons that many of you have had, but I can assure you that Left-libertarians can match neocons any day in the

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week as people you simply would not want to interact with. Trust me on that.

Part of "social tolerance," of course, is uncritical and unlimited devotion to open borders; as in the case of most leftliberals and all neocons, any proposal for any reason to restrict immigration or even to curb the flow of illegals, is automatically and hysterically denounced as racist, fascist, sexist, heterosexist, xenophobic, and the rest of the panoply of smear terms that lie close to hand. (Although neocons seem, oddly enough, to make a glaring exception for what they loosely call "Arab terrorists.") Things have come to such a pass that the Libertarian Party, which used to be strongly and consistently opposed to any taxation or to any expenditure of tax funds, is rapidly changing its policies and attitudes even on this subject long close to libertarian hearts.

California, this November has on the ballot a wonderfully simple Proposition, called the "Save Our State" Proposition, which can be endorsed by every Randolph Club member, and, more importantly, by every regular middle-class and working-class American. Those who hear of it, in fact, enthusiastically favor it at once. The Save Our State proposition simply bars any use of taxpayer funds in behalf of illegal aliens. Most people, of course, think that illegals should be rounded up and shipped home, and certainly not be the beneficiaries of tax-supported medical care, public schooling, and all the rest of the far-flung apparatus of the welfare state.

As you can imagine, every Establishment, every right-thinking group is hysterically opposed to this proposition, and this of course includes Big Business, labor unions, teachers associations, the media, the pundits, the professoriat, and all the opinion-molding elites: in short, all the usual suspects. These groups denounce Save Our State as encouraging the spread of ignorance and disease, and its proponents as hate-filled, racist, sexist, heterosexist, xenophobic, and all the rest. The only groups in favor of Save Our State are a proliferation of unknown, truly grassroots organizations, organizations which try to avoid rather than court publicity because they have been the recipients of numerous bombing threats and death threats, presumably from members of the "illegal community," a community, which in other, not Politically Correct, contexts would simply be called "gangsters."

Borders are not only supposed to be open, that openness has to be encouraged and paid for heavily by the U.S. taxpayer.

Our own Justin Raimondo, I am proud to say, is the San Francisco coordinator for Save Our State, and he reports that the head of the San Francisco Libertarian Party (and here I should point out that the California Party is perhaps the only state party which has a substantial membership and is not simply a paper organization), that the head of the San Francisco Party, opposes the Save Our State Proposition—a first among libertarians in opposing a tax-cutting measure.

What is the rationale for the Party's scuttling the taxpayer and the rights of private property in favor of Political Correctness? Because the enforcement of this proposition might pose a threat to civil liberties! But of course the enforcement of any measure, good or bad, might pose some sort of threat to civil liberties, and thus is scarcely an excuse for not passing any worthwhile bill. Borders, apparently, are not only supposed to be open, that openness has to be encouraged and paid for heavily by the U.S. taxpayer. The commingling of public and private, the change in the definition of "rights," has ap-

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parently gone so far that every illegal has the right to leach the taxpayers of Lord knows how much. Welcome to Big Government Libertarianism!

Opposition to taxes in fact, is being weakened across the board. One of the major libertarian thinktanks has recently come out in favor of the well-financed campaign to eliminate the "personal income tax" and to replace the revenue completely by a national sales tax. The Old Right, or older paleo call that I remember fondly from the days of my youth, was to repeal the 16th Amendment and to abolish the income tax, period. The current variant is a very different proposition. In the first place, it falls for the slogan first foisted on the conservative movement by the supply-siders and then adopted, left and right, by virtually all economists and alleged statesmen: that whatever happens, and whatever changes are made in the tax laws, that the changes must be "revenue neutral," that is, that total federal revenue must never fall.

It is never explained how this axiom got smuggled into alleged conservative or free-market doctrine, or why in Heaven's name total tax revenues must never be allowed to fall. Why in blazes not? To the common answer that we have to worry about the federal deficit, the proper reply, which no one seems to make any more, is to cut government spending by huge amounts: and that means, of course, the old-fashioned definition of "budget cut" as an actual cut in the budget, and not its current meaning of a cut in its "rate of growth" or a cut from some presidential or congressional projection, based on inevitably shaky assumptions, of future growth in spending. As pointed out recently in the Mises Institute's *Free Market* newsletter, there are several grave flaws in the idea of replacing the personal income tax by a national sales tax.

In the first place, contrary to the alleged "realism" or "pragmatism" of this proposal, it will not, in practice, result in repeal of the income tax, but rather in adding on of the sales tax to the current rotten tax structure. Secondly, if the "personal" income tax were eliminated, the corporate income tax would remain. In that way, the hated IRS Gestapo would remain intact, examining records and poking into lives. Moreover, a 30% sales tax would also require heavy enforcement tactics, so that a new division of the IRS would soon be poring over the records of every retailer in the country. It seems to me that to foresee these consequences does not take a Ph.D. or extensive theoretical acumen, which leads one to question the *bona fides* of outfits advocating this program.

And speaking of *bona fides*: one of the most disgraceful performances of virtually all free-market thinktanks, and of all Official Libertarian journals and institutions, was their falling into line like so many sheep to agitate on behalf of Nafta, and now for the proposed World Trade Organization. A Canadian institute managed with no resistance to herd almost every free-market thinktank in this country into what they called the "Nafta Network," which devoted an unprecedented amount of resources to almost continual agitation, propaganda, and so-called "research," in behalf of the passage of Nafta. And not only the thinktanks: they were also joined by the considerable number of libertarians and libertarian sympathizers among syndicated columnists, writers, and assorted pundits.

The unfolding process provided us with some grisly amusement. The original line of these Left-libertarians and freemarketeers was the Clinton-Bush line: namely, that Nafta was promoting, indeed was indispensable to, the lovely concept of free trade, which had become an article of conservative Republican faith during the Reagan Administration. The only opposition to Nafta, therefore, by definition, came from an alliance of confused or more likely evil protectionists, who were either socialistic union leaders, the hated Ralph Nader, or were inefficient domestic manufacturers seeking protective tariffs or were their hirelings. Even worse, were their allies the hate-filled protectionist xeno-

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phobes, racists, sexists, and heterosexists, such as Pat Buchanan.

At that point, Pat Buchanan pulled off a master stroke, totally discombobulating the pro-Nafta forces. He pointed out that ardent and purist free-traders, such as Lew Rockwell, myself, and the Mises Institute, and people at the Competitive Enterprise Institute, opposed Nafta because it was a phony free-trade measure, and because it piled numerous new government restrictions upon trade, including socialistic labor and environmental controls. And further, that these restrictions were particularly dangerous because they added on international, inter-governmental restrictions, to be imposed by new inter-governmental agencies accountable to no one and to the voters of no nation.

At that point, Pat Buchanan pulled off a master stroke, totally discombobulating the pro-Nafta forces.

The amusing point was that the pro-Nafta propagandists were forced to make a hurried and immediate change of front. They were forced to add attacks on us, either printing our dread names or relying on general themes. Since they couldn't call us protectionists, they had to fight simultaneously a two-front war, attacking at the same time evil protectionists of right and left, while also denouncing us as excessively pure free-traders, and therefore, in the Voltairian phrase which I am coming to detest almost as much as words like "alienation" and "tolerance," using the best as the enemy of the good. In fact, or course, Nafta and WTO are in no sense "good"; they make the current situation far worse, and therefore qualify as "bads" in any libertarian of genuinely free-market sense.

Some Left-libertarians replied to our strictures against international government that only xenophobes and statists can worry about "national sovereignty," because in high libertarian theory, only the individual is sovereign and not the nation. I don't want to comment on this point at length now because we are going to have a debate on questions of higher vs. lower levels of government tomorrow night. But, as far as I'm concerned, it should be almost self-evident to any libertarian that the piling up of larger and higher levels of government can only add to the scope and intensity of despotism, and that the higher these levels go, the less they are subject to check, curtailment, or removal by the subject population.

But increasingly I find that nothing can be taken for granted, or considered self-evident, among supposed libertarians. Indeed, one of the leading libertarian legal theoreticians and activists has written a book, rather astoundingly looking around at today's America and concluding that the real tyranny, the real menace to our liberty, is not the federal Leviathan, not Congress or the Imperial Executive or the increasingly totalitarian despots-for-life who constitute the federal judiciary, no, not these. To the contrary, that the real menace to liberty nowadays are grassroots local governments.

It seems to me that there is very little reasoning, or discourse, that can be used with people who look at American life today and come to these kinds of conclusions. To call such people "libertarians," much as to call Nafta propagandists "free traders," stretches those words beyond all meaning or sense. As in the case of the deconstructionists, with Left-libertarians we are plunged into a Humpty Dumpty world, where words mean just what they choose them to mean, and the real question is who is to be master.

Speaking of who is to be master, the Nafta propagandists had the unmitigated gall, or chutzpah, to charge

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the coalition of protectionists and unreconstructed free traders with being in the pay of the evil textile industry. This charge, mark you, comes from institutions heavily supported by the Mexican government, the Canadian government, by Mexican and Canadian lobbyists, and by corporations and donors in the export industries. For one widely unreported truth about American economic foreign policy since World War II, and even since the late 1930s, including government trade negotiations, treaties and agreements, alleged "free trade" and reciprocal trade, as well as all programs of foreign aid, is that their major motivation was to constitute a taxpayers-funded subsidy to export industries and to the bankers who finance them. Talk about people in glass houses!

I don't want to leave the case of Nafta without briefly mentioning the amusing response of the Libertarian Party. Once again, the Party had always in the past been consistently opposed to all forms of inter-governmental restrictions or controls on trade. And yet, the august National Committee, which governs the party in between its increasingly rare national conventions, felt compelled at the height of the controversy to issue a statement in support of Nafta, throwing its entire weight into the debate.

The person who is in effect the ruler of the National Committee is himself a libertarian theorist of note. And either nostalgia for his former views or a certain modicum of integrity impelled him to actually try to answer our criticisms. Unfortunately, to do so, he had to fall back on the sort of arguments formerly used by such sectarian outfits as the tiny handful of people once gathered in such grandiosely named organizations as the International Revolutionary Workers Party. That is: he and therefore the National Committee acknowledged that there may be some problems with Nafta, that international bureaucratic rule might well impose restrictions that overwhelm its supposed free trade features. But, the National Committee concluded, not to worry, because should such a thing begin to happen, the Libertarian Party would throw its great political weight into stopping it. Well, it's certainly a relief to know that the Libertarian Party will hurl its body between Nafta and its inevitable consequences!

As the paleo alliance has become increasingly influential, we have drawn for quite a while fevered attacks by neoconservatives, and now by the burgeoning Official Libertarians. Indeed, the editrix of the Santa Monica monthly has, in a sense, specialized in attacks on the Buchananite right-wing. Usually, she denounces it for its alleged opposition to "change"; indeed, she often sounds like the assorted harpies of the media echoing the Clintonians during the presidential campaign, trumpeting the necessity of "change," apparently change for its own sake, which she confuses with some sort of Opportunity Society. The real question, however, is change for what, and in what direction? Paleos and Buchananites, after all, are big devotees of change and radical change to boot, except that somehow I think that the type of change we seek—appropriately reactionary and hate-filled—is not exactly the sort of "change, change, change" that this editor and various other neocons and Clintonians like to talk about.

This month, she has an editorial denouncing the anti-GATT coalition, which the editor very oddly sees as "partisans of stasis...appealing to state power to block the dynamic processes of markets and individual choice." How she can interpret a measure fervently supported by President Clinton and the rest of the statist establishment as an example of market and individual choice defying state power passeth understanding.

There is another recent instance of the Buchananite paleo coalition that also draws the ire of the editor in the same editorial. This issue she also sees as a coalition for stasis trying to block the beneficent processes of economic growth on the free market. Here we have a coalition of liberals, conservatives, local residents, historians, and all people concerned with con-

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serving and honoring America's heritage, trying to block the development of an American history Disney theme park on the grounds of the Battle of Manassas. One major reason for trying to block this Eisnerizing of northern Virginia, is the politically correct history that Eisner's top historian, the notorious Marxist-Leninist Eric Foner, was planning to foist on the unsuspecting visitors to the park.

Foner, by the way, in a striking example of a leftist-neocon alliance, was the main "expert" in the first Reagan year helping Irving Kristol and the neocons to smear Mel Bradford as a "racist" and a "fascist" for having the temerity of being critical of one of the leading despots in American history, the sainted Abraham Lincoln, who in many ways is the leading predecessor of "Dr." King in enabling us to separate quickly the right-wing sheep from the various species of left-wing goat.

This same editor describes this anti-theme park coalition as "a coalition of anti-growth liberals and blood-and-soil conservatives." Somehow, it is not surprising that the editor, as a Left-libertarian, does not mention and so doesn't seem to be concerned with the projected bombardment of innocent tourists with a politically correct, Marxist-Leninist version of American history. But here, once again, Pat Buchanan threw a monkey-wrench into the works of the Left-libertarian propaganda machinery by highlighting the fact that yours truly, in an article in the Mises Institute's *Free Market*, uniquely attacked the Disney theme park as not being free-market development at all, since the project explicitly depends on a subsidy of $160 million to be contributed by the taxpayers of the state of Virginia.

Is it really pro-stasis, anti-growth, and anti-free market, to oppose a project requiring a $160 million subsidy by the taxpayers? How does the editor presume to defend her support against such a criticism from someone who, at the very least, may be a lot more libertarian and anti-statist than she herself? Her defense is actually quite interesting if singularly unimpressive. Her comment, in full, is that "the free-market objection that the park is getting state subsidies isn't part of the main debate." Well, that takes care of *that* argument.

One of the main grounds that have supposedly led to libertarians' hatred of religion is that they, the libertarians, are staunch advocates, above all, of reason, whereas theists are eternally mired in what rationalists like to refer to as "superstition." Well, it is instructive to ponder the quality of the reasoning power that these people have used in defending their flight from liberty and the rights of property.

Let us now turn to a final measure that illustrates the Great Leap Stateward of the libertarian movement. This is their championing of the school voucher scheme, which the Left-libertarians literally wrote for the California proposal voted on, and defeated, last November. Neoconservatives and Left-libertarians happily plunged into, and largely financed, the California voucher drive, secure in the supposed knowledge that their only opponents would be the usual array of left-liberals and teachers' unions.

The Left-libertarians featured their favorite buzzword, "choice," which they first applied to women's choice on abortion and now to the expanding choice of parents and children on which schools to attend and whether or not to attend private or public schools. Anticipating the framework of the debate, the voucherites were having their own way, but this time they were, once again, blindsided by an extremely influential article that Lew Rockwell wrote in the *Los Angeles Times*, which the distressed voucherites later ruefully admitted was the greatest single force in scuttling their plan. For Lew bypassed the standard debate by making points that appealed especially to embattled California parents and taxpayers critical of the public school system.

Lew pointed out (1) that the welfare state, and the burden on the taxpayers, would increase instead of being reduced by the voucher scheme;

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and (2) that while the public school teachers might well oppose the plan, it is more important and more dangerous that the voucher scheme would greatly increase government control and dictation over the private school system, now still largely free of government intrusion. The government always controls what it subsidizes, and in the case of vouchers, the government would be obliged to define what a "school" is, in order to let the school be eligible for the voucher subsidy.

As in all redistribution schemes, the range of choice of the beneficiaries can only expand by restricting the choices of the losers, in this case the choices of the parents of children now going to private schools. Not only did this argument prove to be a blockbuster, but Lew also raised, for the first time I believe, another sensitive and compelling argument; (3) that the voucher plan would destroy the relatively good and now carefully safeguarded suburban public schools, because these suburban schools would be forced to accept anyone who applies from any other school district.

The voucher scheme would greatly increase government control and dictation over the private school system.

In short: that these neighborhood schools, which are at least to some extent under the control of local neighborhood parents and taxpayers, would now be forced to accept hordes of uneducable and even criminal youth from the inner-cities. The choices of suburban parents would be restricted. Not only would the suburbanites' children be in danger, but their property values, much of which had been built up by moving into districts with relatively good schools, would be gravely endangered.

While Lew Rockwell's last magnificently Politically Incorrect argument met the predictable hysteria from Left-libertarians, who accused him of the customary racism, sexism, heterosexism and all the rest, his argument was extremely effective where it counted: namely, among the middle-class suburbanites previously inclined to vote for the school voucher plan. There is no greater testimony to the power of ideas, regardless of pre-existing political clout or the extent of funding.

A general note: fourteen years ago, the Libertarian Party ran its best-funded, and therefore its most widely publicized, presidential campaign. The campaign, run by what even then was its decidedly non-purist wing, was asked by the media, now interested for the first time, to tell them in a few words what this "libertarianism" is all about. The campaign's answer: libertarianism is "low-tax liberalism."

The absolute ruler of that campaign is now the head of one of America's most prominent libertarian thinktanks. Recently, he and his colleagues provided another summation of the essence of the libertarian creed. The answer: "market liberalism." Note that while the older definition made at least a vague reference to lower taxes, the current credo is one that can be agreed to by literally everyone. After all, since most socialists call themselves "liberals," and all socialists now agree on having some sort of market, this phrase could be, and probably has been, embraced by such not-exactly libertarians as our beloved President, William Jefferson Blythe Clinton IV, as well as by the unlamented last head of the defunct Soviet Union, Mikhail S. Gorbachev. Talk about being respectable and mainstream!

In recent weeks, this same prominent theorist of "mar-

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ket liberalism" has moved to ward off what he sees as the great danger of the rising right-wing populist movement. Instead, he offers as a counter what he calls "The Velvet Revolution," a term that seems far odder and more exotic in the United States than it did in the Czech Republic.

This Velvet Revolution, which, according to this leading Left-libertarian, will limit the federal government "without disruption," is simply a triad of statutory measures. One is replacing the personal income tax by a national sales tax, which I have discussed already. A second is term limits; and a third is the balanced budget amendment. The problem with the entire triad is that they will either have no effect or make matters worse; at best, they might con the populist masses into thinking that Washington has been curbed and dropping the whole issue. And maybe that's the point.

Very briefly, the balanced-budget amendment is a fraud and a hoax.

Very briefly, the balanced-budget amendment is a fraud and a hoax. In addition to escape clauses for Congress to override the amendment easily, and that it will provide an excuse for raising taxes, and the fact that the federal government can and does readily shift its expenses to "off-budget activities," the so-called "balancing" is only for projected future expenditures and not for the actual budget, and anyone can literally project any future expense.

And, finally, there is no enforcement provided: will all Congressmen who vote for unbalanced budgets be taken out and shot?

Which brings me to the third leg of the Velvet triad: the much-praised term limits. I have no problem with the concept per se; the problem is that Term Limits only restricts Congress or state legislatures, and the legislative arm is the one that has lost most power among the three branches of government. Congress and the state legislatures are, of all branches, the only ones quickly subject to public accounting and retaliation at the polls. These are the only people we can get rid of rapidly and peacefully. But contrast the other dangerous branches, which are conspicuously not to be subject to term limits.

There is the Imperial Executive, where only the President is limited, much to the griping of all champions of "democracy." The rest of the vast and swollen federal bureaucracy is not only not subject to public removal, they have been frozen into place as permanent despots by the so-called "civil service" or "merit" system, which was put across on the public by the intellectual and media elites of the late 19th century. And finally, there are the real monstrous tyrants of our day, the unchecked and runaway federal judiciary, which enjoy virtually absolute power over every town and village and every person's life. And at its pinnacle the Supreme Court are our unchecked despots for life. If the term limit people begin to advocate, say the abolition of the federal civil service, and two-year term limits for every federal judge, I will begin to take them seriously as part of the solution instead of being very much part of the problem.

In conclusion: I am confident, in contrast to this desperate Left-libertarian attempt to draw the teeth of the populist revolution, that the days of Beltway "realism," both among conservatives and Left-libertarians, are doomed. There is now a powerful and truly grass-roots movement awake throughout the heartland of America, a movement that is radical, right-wing populist, and possessed of a deep hatred and contempt, first of course for the Clintons and their whole repellent crew, and second, for Wash-

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ington in general, for the Beltway, its ideologies and its culture, and for all politicians, especially those located in Washington.

This grass-roots right-wing is very different from anything we have yet seen. It profoundly dislikes and distrusts the mainstream media. And, by extension, it has no use for Beltway organizations or their traditional leaders. These grass-rooters are not content to kick into the coffers of Beltway organizations and obediently follow their orders. They may not be "socially tolerant," but they are feisty, they hate the guts of the federal government, and they are Rising up Angry. In this burgeoning atmosphere, the supposedly pragmatic Beltway strategy of cozying up to Power is not only immoral and unprincipled; it also can no longer work, even in the short run. The oppressed middle and working-classes are at last rising up and on the march, and the new right-wing movement will have no time and no room for the traitorous elites who have led them by the nose for so many years.

Fellow Randolphians, a great day is dawning. To paraphrase our greatest enemy of the last two centuries: A specter is haunting America—the specter of radical right-wing populism. Let the ruling elites tremble at the prospect of a right-wing populist revolution. We have nothing to lose but our chains. We have America to win! ■

FDR's Chain Letter

by Llewellyn H. Rockwell, Jr.

It's hard to top Social Security as a sheer political scam with deadly economic consequences. It has imposed a prosperity-crushing tax bite, promoted financial irresponsibility, and torn apart the generations. It has turned many of our elders into money-grubbing lobbyists, and expanded government's reach beyond what any free society should tolerate. Adding assault to battery, it doesn't even provide security.

Washington, D.C., should listen to the generation that picks up the tab. A new poll by the group Third Millennium says that only 9% of Americans aged 18 to 34 believe Social Security will be able to pay them anything. Three fourths don't believe the program will exist by then.

The younger generation pays nearly as much into the program as it does in the personal income tax. The Social Security income tax is masked by calling it a "contribution" (no, Clinton didn't invent this euphemism) and making employers pay half, which still comes out of the employee's paycheck.

When the program began in 1937, Social Security's revenues comprised 10% of total government take. Soon it will soon reach 40%, most of the growth having taken place since 1970.

The program raises four times as much money ($479 billion) for the central state as the corporate income tax ($118 billion), and only 15% less than the income tax itself ($562 billion). In 1950, the Social Security budget was 1/17 the size of the Defense Department's. But since 1991, it has beat out the military as the largest program in the federal budget—a dubious honor.

The myth survives that current payments are stored in a "trust fund." In fact, today's workers pay today's retirees, with any spare funds handed to the Treasury for immediate spending. The financial instruments received in return are simply claims on the hapless taxpayers of the future.

Nor is Social Security an annuity, for there is no payment difference for people who are going to live longer. There is only an arbitrary benefits formula slightly connected to what was paid. In short, the program has more in common with insurance fraud than market insurance.

Social Security also manufactured a phony "right" to leisure from age 65 onward. In 1930, that age surpassed the average life expectancy, which was 58 years for a man and 61 years for a woman. Today, millions of potentially productive, high-income older people are living off struggling young people.

The program has also created perverse political divisions among the old, middle aged, and the young. The

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government has relieved the middle aged of the responsibility of taking care of their parents. That, in turn, has made them less respectful of the older generation in general. The fiscal squeeze has made euthanasia respectable (at least to the First Lady and her ideological cronies).

Based on Otto von Bismarck's earlier scam, Social Security was irrational to begin with. It was based on the premise that government is a better manager of funds than private individuals and financial institutions. Naive is not quite the word for that notion.

It made political sense for the slippery FDR, however. He could bribe some voters with other people's money, buttress his Mussolinian view of the state, and pose as a savior of the weak and infirm, all at the same time. How fitting that today's younger generation curses his name for starting the Social Security chain letter.

Later pyramid schemers included the Reagan administration's commission led by Alan Greenspan, which "saved" Social Security with frequent, automatic tax increases into the next century. Now even the Congressional Budget Office says the scheme will go belly up during the lifetime of younger workers.

As a part of America's vast and sprawling Transfer State, Social Security redistributes money between the generations, and promotes the idea that we don't need to plan ahead because the government will care of us.

But the aging of the population guarantees that something will have to be done. The natural inclination of politicians will be to "reform" the system without disturbing the powerful interest groups which benefit from it. This tendency should be resisted. Better to declare the program a mistake, and abolish it.

It can be done in four steps. First, we need more means testing, to cut spending and so that everyone knows it's welfare, not insurance. Second, we need to raise the phony "retirement age" to 70. Third, we need a British-style buy-out system, where people give up their future claims on previously paid taxes in exchange for lower taxes now. Fourth, we need to end taxes on savings and investment. After that, retirement money can come from burgeoning pensions and private savings plans in the free market.

Politically unrealistic? Sure, but it beats bankruptcy. And there must be at least one extra plot in Ira Magaziner's cemetery, right next to the grave of medical socialism. ■

Money for Nothing

by L.H.R., Jr.

Here's an unpreposterous scenario, in light of the $11 million that the Justice Department has just fined Chevy Chase Federal Savings for not actively recruiting black borrowers.

You own a small, high-quality restaurant and want to branch out. You open up two outlets in a suburb, and one more in a gentrified city neighborhood. You choose these areas because that's where the paying customers are, and because you're a good businessman.

But the federal government's Equal Eating Opportunity Commission doesn't approve. A social planner in the upper reaches of the EEOC thinks you're putting your new restaurants in the wrong neighborhoods. They should be located where people are hungry, he says, not where good food is already plentiful.

Of course, you'd be glad to make a profit in the inner city, but can you? Street crime keeps customers away, and besides, your food isn't for everyone, in price or taste.

But none of that counts. The government demands to know if you have ever tried to sell your yuppy food in the ghetto? Shouldn't you do so, and at a discount? Why, for the past ten years, have 75% of your customers have been white? Shouldn't you be forced to open up stores where the community needs them? Don't the privileged few have enough restaurants? Who are you to put profits ahead of the poor?

Given an administration bent on government plan-

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ning through radical egalitarianism, none of this is impossible. Browbeating and bait-and-switch tactics have become usual, as government has assaulted lending institutions. Chevy Chase is only the most recent victim, but a particularly important one.

The bank has been forced to hand over $11 million of its capital—the stockholders' money—to support $140 million in affirmative-action, inner-city loans that will either go bust, or be sold to a government agency and then go bust. That's a banking practice worthy of money cranks and Keynesians, not people who know their business.

Forcing a bank to make shaky loans to shaky customers is unfair to the responsible. It means increased fees for profitable customers, chiseled down conveniences for responsible depositors, and redistributed profits. For a medium-sized bank in a highly competitive environment, this is no small shakes.

Why has Chevy Chase been forced to do this? Because it had not opened enough offices in census tracts that are 75% black. The bank was also "charged" with not advertising in black media. The neighborhoods that were "denied" banking service were well served by other lenders, so the laughably named Justice Department did not even bother to allege harm.

The government's authority is the Community Reinvestment Act, which features vague talk about the obligation of banks to serve the community. But in the language of modern politics, "community" means whatever egalitarians want it to mean.

"Community" never refers to actual individuals, for example, because Chevy Chase served all qualified blacks who applied. Indeed, it had already succumbed to government pressure, by requiring whites to submit to higher underwriting standards than blacks. But even this blatant discrimination against whites was not enough to meet the "fairness" test.

The Justice Department claims it can prove discrimination by pointing to income levels. Some of the black areas in which the bank was not doing business had higher average incomes than white areas where they did business. That would matter, of course, if income were the sole determinant of borrower worthiness.

In fact, a low-income person of any race, with a good job, no debts, and a good credit rating is more qualified than an affirmative-action profligate of any race. That is why regulators cannot expect loans, branches, and advertising to be equal across entire markets.

"We're not asking financial institutions to make bad loans," says Janet Reno. But she wants her judgment to prevail, not that of experts whose lives are dedicated to avoiding bad loans. Banks would open a branch in Rwanda if they thought it would bring a good return.

Forget food stamps, medicaid, and monthly checks; the welfare lobby and its government patrons now demand 24-hour banking, free checking, and 30-year mortgages at the next bustop, even if the Crips and the Bloods camp out at the ATM.

In praising the decision, a *New York Times* editorial decried the view that government shouldn't tell people "where to do business." Business must be forced to meet the "needs of all neighborhoods," says the *Times*. Okay, but let's start with liberal newspapers. It might be worth it if the *Times* had to locate in the South Bronx. ■

The Manhattan Project

by L.H.R., Jr.

Revelations that J. Robert Oppenheimer, Leo Szilard, Niels Bohr, and all the other U.S. atomic scientists were communist spies reminds us, once again, that their project was immoral. (By the way, was Joe McCarthy wrong about *anything*?)

Just-war theory, developed by St. Augustine and St. Thomas Aquinas, shows clearly, as does common sense, that it is impermissible to target civilians in a war. To do so is murder, and the fact that a state is committing it on a

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mass scale makes it no less so.

In a war, only opposing military forces may be deliberately targeted. Invariably, even in a just war, civilians will die as a result of so-called collateral damage. That is not murder, although it may be a good reason to avoid most wars. But bombing cities *is* murder, a practice that reached its chilling apogee (so far) when crooked machine politician Harry Truman dropped atomic bombs on two refugee-filled Japanese cities.

We're told this was justified to end the war. But the Japanese were anxious to surrender, were pleading to surrender, asking only that the position of the emperor not be abolished, and that he not be tried for war crimes. The U.S. did neither, of course, but still demanded an unjust unconditional surrender. For centuries, the Church had battled this vicious idea, by which one side demands the potential or actual destruction of the other side's entire culture. Wars should have negotiated ends. Civilized countries do not imitate Ghengis Khan. ■

The Gatt vs. Free Trade

by L.H.R., Jr.

President Clinton says the Gatt is the "biggest trade agreement in history." That's true: at 29,000 pages and 400 pounds, the full text makes Nafta look like the Gettysburg Address. On that ground alone, it's not something to rush into.

"The biggest worldwide tax cut in history," Clinton says. He's talking about lower tariffs, which do indeed act like taxes. As we've learned from Nafta, however, nations easily substitute non-tariff barriers. Raising fees and inspection requirements, for example, can cause far more headaches for businessmen than tariffs, which average 5% around the world.

Located in Switzerland, the WTO will lord it over all cross-border exchanges.

"We have to set an example here," Clinton tells Senator Fritz Hollings, the House, and the Senate. Really? Then why does he introduce a bill to further impede imports from Japan and Singapore? Why does he forever threaten trade war with the Pacific Rim? Why does he wield the big stick of Super 301? Why does he impose protectionism on Cuba, Iraq, and North Korea? Why did he cut off trade with Haiti?

There is much the U.S can do to promote free trade. Passing the Gatt is not one of them. It has as much to do with real free trade as Clinton's taxes have to do with "contributions."

Read at least the 14-page preamble, Congress. It shows that the agreement creates a world trade organization to *replace* Gatt. The WTO is supposed to be the trade-equivalent of the World Bank and the IMF, at the very time when those two bureaucracies are under fire for lavish spending and bureaucratic overreach. Located in Switzerland, the WTO will lord it over all cross-border exchanges, exercise a startling amount of power over domestic economies, and take from Congress its remaining constitutional authority on trade.

The WTO changes the old Gatt consensus-based voting rule, shifts the burden of proof in trade disputes to the defendant, and, for the first time, allows "cross retaliation." That's why American Enterprise Institute economist Irwin M. Stelzer says the WTO "contains the seeds of the destruction of the free trading system that has contributed so much to world prosperity in the 50 years since the end of World War II."

The WTO won't give a fig for federalism. As Gatt Director General Peter Sutherland

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says to those worried about national and state sovereignty, the new global organization "will have an appeals body" and its "judgment on appeal will have to be accepted." "If we empower the WTO to give us free trade," writes former Reagan official Paul Craig Roberts, "it will likely give us something else in the name of free trade."

Free trade and international bureaucracies belong on opposites side of the policy debate. The first refers to the right of businessmen to trade their wares around the world without hindrance. The second refers to *managing* trade. A proposed global free-trade agency belongs in the same category as a "bureau of free speech" or a "ministry of privacy."

The World Trade Organization will expand trade litigation, and politicize trade as never before. Listen to Labor Secretary Robert Reich: he thinks the WTO can be a stalking horse for the regulatory agenda of the socialist International Labour Organization. Listen to Interior Secretary Bruce Babbitt: he thinks the WTO can enforce environmental regulations on a global level.

The words "upward harmonization" keep popping up in connection with the Gatt debate. It refers to the desire of big U.S. businessmen to impose the same high labor, tax, and regulatory costs abroad that they face at home. That will give them a comparative advantage over the domestic industries of foreign countries. But free trade is supposed to be about a liberalized trading order, not interventions in the market for favored corporations.

Harry Truman tried to create his own WTO after the Second World War, the International Trade Organization. Thank goodness it died in committee and we got the original Gatt, which served us relatively well over 40 years.

Free trade doesn't require government management. It is part of the natural order of liberty, where people pursue their private interests, expand the division of labor, and generate good for the social order, all at the same time.

In contrast, the WTO represents the largest step-up in global government power ever considered by the U.S. Congress. It will take away from Congress its constitutional responsibilities. And its central mission is plainly stated in the treaty itself: "achieving greater coherence in global economic policymaking."

The Clinton administration warns of economic disaster should the WTO fail. Such an event would instead represent a victory over the most loathsome of D.C. tendencies: Republican corporate welfare and Democrat social legislation.

Spare us the free-trade rhetoric, Mr. President. It doesn't jibe with the rest of your program. You want government in charge. That's why you're for the Gatt. ■

A Government Stick-Up

by L.H.R., Jr.

"Your money or your life," said the Clinton administration to America's independent mortgage lenders. And sure enough, the Mortgage Bankers Association of America gave up the cash. It reached a "voluntary" agreement with HUD to "boost lending to poor and minority borrowers."

Come on. These euphemisms don't fool anybody anymore, if they ever did. In truth, the Clinton administration wants private industry to pay off the Democratic Party's most reliable clients before election day. The mortgage industry went along because the government threatened killer regulations similar to those that govern the lending of banks.

To avoid that fate, the industry has agreed to ignore conventional underwriting standards for an entire sector of society. No longer are the financially irresponsible required to shape up, get a steady job, save money, and pay their bills before being entrusted with servicing a sizable debt. Now they only need to be among the fiscally challenged.

"We can accomplish a great deal through dialogue and cooperation," said Henry Cisneros, his hands around the mortgage industry's neck.

The agreement follows on the heels of a series of "studies"

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seeking to prove that the industry discriminates against marginal borrowers. Of course it does, just as movie theaters discriminate against the penniless. The point of the mortgage industry is not to act as an adjunct to the welfare state, but to turn a profit on serviceable loans.

The rationale for subjecting banks to draconian laws has been that they receive deposit insurance from Uncle Sam. That has led some bankers to renounce insurance and even depositors, just so they could continue conducting a capitalist enterprise. The Clinton administration is attempting to stop this, lest there be too many loopholes in its financial welfare state.

Here's the background. As the welfare state has fallen into disrepute, Congress and the Executive have created an entirely new form of welfare that is invisible to voters. It operates through the credit markets, and is distributed by heavily regulated industries like banking and finance.

Where the old form of welfare meant taxing, spending, and buying votes with cash transfers from D.C., the new form transfers money on a much larger scale, and does so through a mystifying maze of mandates. Politicians used to have budget battles; now they need only extract consent decrees.

To get this cash for its most dependable dependents, the federal government uses a relatively simple trick. It targets a bank or mortgage company, pointing out that it does more business with customers who have high incomes than with those who have low income. And sure enough, these income differentials fall along fairly predictable demographic lines.

Once the government discovers these politically incorrect patterns, it lowers the boom. The accused face two options: 1) undertake an expensive, years-long challenge to the government in the government's courts, while its name is dragged through the media mud, or 2) pay up. Their money or their life, in effect.

Thus Chevy Chase Federal Savings had to fork over $11 million in depositors' money to support as much as $140 million in low-interest mortgages and business loans for inner-city borrowers, and open a branch in a high-crime area. Why? Because it discriminated against census tracts.

So it was when Decatur Federal of Atlanta signed a consent decree to give $1 million to minority borrowers and institute an internal quota system. Shawmut National Corp. of Connecticut had to give $25 million in mortgage funds to minorities with unstable job histories. And Fleet Financial Group established a set-aside package of $7.2 billion targeted to low-income borrowers.

These are just some of the recent cases. In the last three years, as much as $40 billion may have been lost by these diversions to marginal projects. The political beneficiaries are Washington's tax-and-spend crowd, now tax-spend-and-lend.

Traditional welfare provides an apartment, food, medical care, and walking-around money; the new form gives its clients houses, cars, and businesses. The old form means higher taxes; the new form puts the entire financial system at risk. And people who work hard, pay their bills, and build a good credit rating are getting ripped off, even if they don't know it.

With this successful hit against the banking industry and the mortgage industry, who's next? The insurance industry, which will soon be forced to insure homes and businesses at low rates regardless of risk, and mutual funds, which will be forced to do quota investing in minority-owned business, as advocated by Frank Newman, the Treasury's new number two man.

The credit rating was a market system of social discipline. It served as a constant reminder of the importance of individual responsibility and of keeping one's contracts. Who more likely to want it destroyed than those who currently control the Congress and the Executive? ■

Kristolian Deception

by L.H.R., Jr.

More than a few of us have

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doubted the media-touted glories of William Kristol's "Project for the Republican Future." He opened up last year — funded by the neocon foundations his father Irving controls — and has held himself out as the brains of the Republican Party ever since. His friends in the national media love to credit him with defeating the Clinton health care bill, for example.

But what exactly did he do? He sent out a string of badly written memos stating the inanely obvious: there is no health care crisis, the Clinton plan ought to be stopped, Republicans should do it, blah, blah, blah. Then he pretended that the Republicans, in opposing full health-care socialism, were following his orders.

Especially disgusting was the way the Establishment media — from the *Wall Street Journal* to the *New York Times* to the *Washington Post* — dutifully reported his implausible claims.

If you read his health care memos carefully, however, and got to the end, you saw recommendations that went beyond defeating Clinton. He never recommended the curtailment of *existing* medical socialism, of course. Instead, he advocated a step-up in government meddling.

For example, Kristol wants to strip insurance companies of their ability to refuse coverage to new, HIV-infected customers. What is that but socialism?

In the past, Kristol has protested that such criticisms are mere quibbles, or that he has to make these kind of concessions to be "taken seriously." But he is the one claiming incredible influence in the Republican Party. If he is so powerful, let him write a memo today calling for the abolition of federal subsidies to the medical-care industry. He could then at least lay claim to the moral high ground.

Kristol can do no such thing, however, because his power over the Republican Party is a fiction, a creation of his toadies in the Northeastern media. Nevertheless, the illusion has tricked some people.

The Republicans gave Clinton (and Clintonism) a victory on Nafta. They will probably do the same for Gatt, thanks to the likes of Kristol.

So what did Kristol do with his new-found credibility? Barely a week after health care went down in flames, he sent out an unusually clear and brief message. Unlike his long and tedious health care memos, this was one page, short enough for even a politician to read. Its message: "Pass GATT Now."

The Gatt and the World Trade Organization, he wrote, represent "the essence of conservative economic thinking."

Sure, and that's why Republican Senate offices reported more public opposition to the Gatt than even to Nafta. The Republicans gave Clinton (and Clintonism) a victory on Nafta. They will probably do the same for Gatt, thanks to the likes of Kristol, who will get away with telling us that free trade means global management by bureaucrats.

We'll know the extent of evil perpetrated by the WTO in a few years, when it starts enforcing global environmental and labor laws. And, as Paul Craig Roberts has noted, WTO fines will become a permanent fixture of the U.S. budget, so the Executive can continue to reward the special interests at direct cost to the American people, as well as indirect cost to small and medium-size business.

How to account for Bill Kristol's memo? It can't be ignorance. Knowledgeable people sat down with him and his assistants for hours to explain why no free trader could endorse the WTO. But they wasted their time. His mind, which is not independent, was made up long ago.

Hundreds of bills pass both houses without his comments. He chose Gatt because he represents a species of

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"conservatism" that is actually social democratic, and advocates supranational government.

Thank goodness we'll have a new crop of Republicans in office. They don't know Kristol from a Geneva bureaucrat. For a while, anyway, they will listen more to their constituents than to a D.C. fixer with a big budget and a media halo. ■

Satanism in Switzerland

by L.H.R. Jr.

When there was murder-suicide in Switzerland among the followers of New Age guru and doctor, Luc Jouret, the media called the group a "cult." But that doesn't tell the whole story. Jouret's flock was environmentalist, as the media first reported and then suppressed.

Jouret, who named his sect the Order of the Solar Temple, worshipped the earth, condemned man's dominion, and warned of doom through global warming, ozone thinning, and tree cutting. As a result, his followers did what all radical environmentalists should "logically" do: killed themselves and others. After all, if you adore bugs and weeds, and see man as an evil presence harming them, you want the human population reduced.

Discovered after the crime was Jouret's Satanic chapel, complete with giant pentagram, where he celebrated Black Masses to the Devil and Gaia, the earth goddess, and held sex orgies. This reminds us that Lucifer and leftism go together. It is no coincidence that the French Revolution featured Devil worship, or that the Russian Revolution was animated by an implacable hatred of Christ.

Even aside from economics and politics, we should be suspicious of the green movement, and examine the direct link between feminism and witchcraft, touted more and more openly in academia. ■

P.C. Watch

by L.H.R., Jr.

Endangered Species

Sen. Larry E. Craig (R.-Id.) told the Twin Falls, Id., Chamber of Commerce that these days, every species is protected but "the white Anglo-Saxon human being." After the uproar, he apologized. (*Washington Post*, 9/2/94)

Freedom

In just one small area of South Africa, at least 73 witches have been burned to death since Nelson Mandela's inauguration. In one case, the accused witch—Sinna Mankwane—had her arms pinned with three gasoline-soaked tires, and then a mob forced her husband to light her on fire.

In the days of apartheid, such things were banned, and "the victim of a witch would go and hire a nyanga, a witch doctor, to reverse the spell," said Abram Maharala, a suspected warlock. Now, anything goes, and the mobs are led not by "tribal elders," but by "young militants—'comrades' in the South African vernacular."

"Abram Maharala suspects one of his two wives turned the village against him. He fled for his life after neighbors accused him of holding a bewitching ritual. In fact, he said, his son had bought him a new speaker for his ancient console radio, and to try it out, the members of the family stayed up all night dancing." (*New York Times*, 9/18/94)

Cultural Diversity

Although we now know that nothing involuntary took place at the famous Tailhook gathering, feminists continue to use it as a rallying cry, and even model. As part of a Federal Aviation Administration "cultural diversity workshop," male employees were made to walk a gauntlet of female employees, who fondled the men's private parts and commented on their relative dimensions. The men complained, but were stonewalled until one of them filed a $300,000 sexual harassment lawsuit. The workshops have been discontinued. (*Birmingham Post-Herald*, 9/9/94)

I Scream, You Scream

Spy magazine staffers, pretending to be aides to the

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non-existent Congressman Archie Leach (D.-N.Y.), surveyed New York City business people, asking if they were in favor of 1) employer-mandated health care, and 2) employer-mandated ice cream. Seventy-three percent said yes on health care. Sixty-eight percent said yes on ice cream. (*Washington Times*, 9/5/94).

Kings of the Road

More and more cars in D.C. and other urban areas are sporting huge, brightly colored plastic crowns on their dashboards. A religious symbol? A mark of margarine mania? No, they perfume the interior of the car with such scents as "sweet vanilla, candy cherry, or jasmine." But not everyone is happy. "I heard some bad things about that crown. I heard the KKK makes them," said an employee of a D.C. auto store. Pointing to an emblem of a laurel wreath on top of the crown's cardboard package, he says: "See that? The Klan wears those." (*Washington Post*, 9/16/94)

Another amateur police video has outraged some people in Southern California, but it probably hasn't made your local tv news.

The Other L.A. Police Video

Another amateur police video has outraged some people in Southern California, but it probably hasn't made your local tv news. It all started when 17-year-old Filipe Sotero refused to let a social worker into his parent's home in Compton, Cal., so the bureaucrat called on a black policeman to arrest the boy.

As recorded by a neighbor, the cop approached Sotero, who was standing in the doorway of his family's home, took out his nightstick, beat him, continued to beat him after he fell to the ground, then turned him over and did a knee-drop to his back before handcuffing him. Not once did the skinny 130 lb. kid resist the muscular 180 lb. cop, although in his police report, the cop claimed that Sotero started the whole affair by punching him and calling him a "black pig."

Jackson also claimed that Sotero was a drug addict and gang member, although he doesn't use drugs or belong to a gang, and in fact is active in the youth ministry of his evangelical church.

Compton used to be all black; now it's 51% Hispanic, and the massive immigration has generated racial conflicts. "They're trying to take over Compton," complains Lolita Turner, a 27-year-old black woman. "The Mexicans" are "always playing that loud music and painting their houses sunshine yellow with tangerine orange trim. People here always kept their yards nice," and "the Mexicans" let "their grass grow all long and park a hundred cars on the lawn." (*Washington Post*, 8/24/94)

O.J. at Your Service

Like Hertz, Avis is being forced by the Justice Department to supply expensively altered cars for disabled drivers at all its locations, at no extra cost. Stockholders and non-disabled drivers will pick up the tab. But the rental companies are not mandated, so far, to supply these cars as fast as regular models. An outrage, says disability activist Janna Jacobs. Adds her colleague Jack Dahlberg, "there is a chronic lack of response with the travel industry."

This is the 300th Americans with Disabilities Act "settlement" Janet Reno has reached with companies from bowling allies to zoos,

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after threatening to put them out of business. (*Washington Post*, 9/2/94)

Peter and the Tofu?

Principal cellist Anne Conrad-Antoville quit the Eureka, Cal., symphony orchestra, because it was going to perform "Peter and the Wolf," a beloved children's classic by Serge Prokofiev. The reason? The piece "teaches children to hate and fear wolves and to applaud a hunter who kills wolves."

This was despite conductor Kenneth Hannaford's changing the ending, and having the wolf freed into the wild rather than put into a zoo.

Conrad-Antoville is "talented" but a "little screwy," says Hannford, who had scheduled the piece at the request of local schools, and now is returning to the original ending. (*Washington Post*, 10/6/94)

Where's Their NEA Grant?

Charles and Hassan are the Go-Go Kids, 14-year-old street musicians celebrated on the front page of the *Washington Post* (10/3/94). In the Dupont circle area, they beat on buckets — "swiped from a restaurant" — with pieces of broom handle, also formerly the restaurant's.

They were inspired by two other young men playing buckets on a tv show, "It's Showtime at the Apollo." So "we took" the buckets outside and "started hitting them." To their surprise, people started dropping change, and they now make more than $300 a week tax-free, mostly from well-dressed businessmen. It is all immediately spent, none of it applied against the welfare payments their mothers get.

They have eight songs in their repertoire, including "Pling, Pling, Pling" and "Uh Oh Uh Oh Uh Oh." "They're all originals," Hassan says. "We came up with the names too."

Land of Lincoln

The president of the Illinois State Senate, Republican James Philip, is under fire for claiming that minority state workers lack the work ethic of whites (AP, 10/6/94). "It's probably a terrible thing to say, but I'll say it: some of them do not have the work ethic we have," he told a local newspaper. Philip was referring to the case of 19 children found living in a roach-infested Chicago apartment. A social worker, he noted, had visited twice. "Of course, she was a minority, " he said. "Her boss was a minority. They don't tend to squeal on their fellow minorities." ■

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